

**BAL HARBOUR VILLAGE POLICE OFFICERS'
PENSION PLAN AND TRUST**

2nd Floor Conference Room
655 – 96th Street, Bal Harbour, FL 33154
REGULAR QUARTERLY MEETING – OCTOBER 26TH, 2015

1. Call to Order – Chairman Paul Eppler called the meeting of the Bal Harbour Village Police Officers' Pension Plan to order at 3:05 P.M.

Roll Call – Chairman Paul Eppler, Secretary Dr. Abraham Gotman, David Levin, Hector Gonzalez and Daniel Gold (arrived at 3:20 P.M.)

OTHERS PRESENT: Gregg Gosch from Sawgrass Asset Management, John McCann from Thistle Asset Consulting, Felecia Ryans, Assistant Vice President from Comerica Bank, David J. Lederer, Director and Amed A. Avila, Relationship Manager from Fiduciary Trust International, Joseph P. Smith, Relationship Manager from KeyBank, Stephen H. Cypen, Esq., Attorney for the Fund and Joan L. Wall, Clerk to the Board of Trustees.

2. Additions/Deletions to Agenda. None

3. Approval of Minutes for July 27th, 2015. Chairman Eppler presented the minutes from the previous meeting for approval. David Levin moved to approve. Hector Gonzalez seconded the motion. The motion carried unanimously.

4. Approval of Warrant #090. Chairman Eppler presented Warrant #090 totaling \$46,893.99 for approval and payment. David Levin moved to approve payment. Hector Gonzalez seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, August, Sept & October, 2015 Retainers @ \$2,000	\$ 6,000.00
Joan L. Wall, 7/20 – 10/18/15, 51 hrs @\$44.99 plus expenses \$194.88	\$ 2,489.37
Sawgrass Asset Management; Investment Fee for Qtr Ending 9/30/15	\$24,461.00
Salem Trust Company, 7/1/15 – 9/30/15 Invoice	\$ 2,680.62
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 9/30/15	\$ 4,218.00
Foster & Foster, Inv #7021, dated 3/15/15 (recently received)	\$ 2,000.00
Florida Municipal Insurance Trust, Fiduciary Liability Insurance Renewal (last year's premium \$4,057.07)	\$ 4,005.00

Holland & Knight, Invoice #3218611, dated 7/28/15 (re DROP)	\$	422.50
Holland & Knight, Invoice #3229330, dated 8/24/15 (re DROP)	\$	130.00
Holland & Knight, Invoice #3205433, dated 9/22/15 (re DROP)	\$	487.50
<u>TOTAL</u>		<u>\$ 1,040.00</u>

<u>TOTAL For Warrant #090</u>	<u>\$46,893.99</u>
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5. UNFINISHED BUSINESS – 9/28/15 communication from IRS to Holland & Knight regarding application for a favorable determination letter, that requested the methodology for calculating the DROP is in the form of a proposed amendment. After a detailed explanation from Attorney Cypen, Hector Gonzalez moved to send the Village Council a written request to pass an ordinance amending the plan that would include the Modified Deitz Method, as referred to in John McCann’s email of 10/7/15, in calculating the net return of the plan for the quarter as outlined in Holland & Knight’s letter to the Internal Revenue Service dated October 16th, 2015. David Levin seconded the motion. The motion carried unanimously.

NEW BUSINESS

Taken out of order as follows:

6. f) Presentations from Custodian Banks Selected at July meeting

- **Comerica** – Felicia Ryans from Comerica presented. The firm is a diversified financial services company, established in 1849 and headquartered in Dallas, Texas, with offices located in Florida, Michigan, California, Texas and New York. The Institutional Trust has 1,000 clients and \$101.8 billion in trust assets, 117 clients and \$8.9 billion in trust assets of public retirement plans. Fees are 5 basis points for the first \$50,000,000 of assets, with a minimum annual fee of \$10,000, which includes buy/sell/maturity fees and disbursement payments.
- **Fiduciary Trust International** – David Lederer and Amed Avila presented. The firm has been safekeeping assets for over 80 years and as a subsidiary of Franklin Resources they are backed by the strength of a global asset management institution with \$30.6 billion in assets under administration. Fiduciary has a local office in Coral Gables that handles the custody services for 38 Florida pension plans. Fees are 5.85 basis points inclusive of all fees.
- **KeyBank** – Joseph Smith from KeyBank presented. KeyBank is headquartered in Cleveland, Ohio with a history dating to 1825. Mary Ann Coblentz would be the relationship manager, but was unable to attend today. The presentation did not include a fee.

Attorney Cypen questioned each of the presenters as to the amount and type of insurance coverage, prevailing party legal fees, indemnification, etc. After considerable discussion Daniel Gold moved to hire Fiduciary Trust International as the custody firm to replace Salem Trust. Hector Gonzalez seconded the motion. The motion carried unanimously.

6. a) Gregory Gosch from Sawgrass Asset Management – Investment Report. Mr. Gosch distributed his report, reviewing with those present the account & performance review, market review, current portfolio positioning and looking forward. The equity markets experienced the most significant bout of volatility in over four years. In a five day decline at the end of August equities lost almost 11%. Persistent outperformance of growth over value was notable in this weak environment. Equities enter the fourth quarter in a vulnerable position given the recent volatility and downside dislocations that could have further to go. Sawgrass continues to have conviction that their approach to providing an attractive upside participation/downside protection balance will serve clients well in the current environment and that the portfolio is well positioned to handle the volatility. As to the bond market, the Fed's move will depend heavily on the domestic economic data and external macro factors and financial conditions in the near term. David Levin requested the addition of the VIX (volatility index) on the next report.

6. b) John McCann from Thistle Asset Consulting – Performance Report for the Quarter Ending September 30th, 2015. The compliance report reflected "Yes" answers on all questions. Asset allocation was Fixed Income 38%, Cash 5% and Equities 57% for a total market value of \$18,053,000. The net return for the quarter was -2.59%, one year 1.90%, three years 8.53% and five years 9.67%, as compared to the policy return of -3.49%, 0.84%, 8.02% and 9.03% for the same time periods. The fund outperformed for all periods, ranking in the 2nd quartile and 30th quartile for the quarter and the five years. The fund has performed well. Mr. McCann had no recommendations for changes.

6. c) Review/Accept – Net DROP Return of -3.49% for the quarter 9/30/15. Based on the report provided by Thistle Asset Consulting, Daniel Gold moved to accept. Hector Gonzalez seconded the motion. The motion carried unanimously.

Attorney Cyphen was excused to attend an appointment.

6. d) Schools/Conferences

- **FPPTA** – Winter Trustees' School, January 31 – February 3, 2016 at the Hilton Lake Buena Vista in Orlando, FL
- **Division of Retirement** – November 17 – 19, 2015, Radisson Resort, Orlando Celebration, 2900 Parkway Blvd., Kissimmee, FL.

6. e) Meeting Dates for 2016 – 4th Monday of January, April, July and October. The trustees requested that the January meeting start at 4 P.M., rather than 3 P.M.

7. Input from Active/Retired Members – None.

8. Trustees' Concerns

- **Election Results – Pending.** An election had not been held at the time of today's meeting. Attorney Cypen had advised that the trustees would continue to serve until replaced by an election. (continued)
- **Appointment of 5th Trustee – Pending on Election Results** (continued until election results were received)
- **Memorandum from Foster & Foster dated 9/25/15 – Requires answers to 7 questions.** These questions had been reviewed and answered by Chairman Eppler prior to the meeting.
- **Review of Proposed Ordinance passed on first reading in September with final reading scheduled for October 20th, 2015, that closes plan as of September 21st, 2015 with all new members participating with FRS.** Attorney Cypen stated in consideration of new members the date to close the plan should have either been at the end of the month, the beginning of the next month or some future date. A signed copy of the ordinance had been requested. Chairman Eppler signed the Actuarial Impact Statement that will be sent with the ordinance, when received.

9. Public Comments – None.

10. REPORTS

- **Attorney – None**
- **Board Clerk –** Recently information was received from FPPTA that Daniel Gold had paid the dues for 2015 on 11/19/2014 in response to a 10/27/14 general email to all members. Mr. Gold requested the clerk contact his assistant to determine if any additional fees had been paid. Mr. Gold will be reimbursed for all fees he may have paid on behalf of the pension fund.
- **Other –** The tape recorder had malfunctioned during the meeting and the trustees expressed their wishes that future meetings not be taped as long as minutes to the meeting were prepared.

11. Next Meeting Date/Adjournment. Chairman Eppler announced the next regular quarterly meeting would be held on January 25th, 2016 at 4 P.M., rather than the usual 3 P.M. There being no further business before the board, Hector Gonzalez moved to adjourn at 5:24 P.M. David Levin seconded the motion. The motion carried unanimously.

Respectfully submitted,



Paul Eppler, Chairman



Dr. Abraham Gotman, Secretary